

CHAPTER 2

CONTRIBUTIONS

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CONTRIBUTION RATES

As a member of the County Plan, an employee contributes **4.5%** of gross compensation each payroll period during the plan year.

The county matches the member's contributions each payroll period at the rate of **150%**. To be eligible to receive the employer matching contributions at termination or retirement, a member must be vested (see Vesting Credit/Vesting, Chapter 1).

- In counties **under 85,000 in population**, certified law enforcement officers who possess a valid law enforcement officer certificate or diploma have an *additional, supplemental* contribution of **1%** of compensation each payroll period during the plan year, which is matched at **100%** by the county.
- In counties with **over 85,000 in population**, the additional rates for law enforcement officials is **2%** of compensation, matched at **100%**.

If a member is on a leave of absence and is receiving sick or vacation pay, he/she must continue to make contributions to the Plan. Upon termination, any pay for unused sick and vacation leave is also subject to retirement deductions and matched by the employer.

The law does not allow a member to contribute more than the amount specified in the Plan. For additional, voluntary retirement contributions, see Deferred Compensation below.

DEFERRED COMPENSATION

Most Nebraska counties offer a deferred compensation plan for their employees to *voluntarily* defer an elected amount from compensation, thereby reducing their current federal and state income taxes. As the county/employer, please be sure your employees are informed about the deferred compensation plan offered by your county. If your county does not offer its own deferred compensation plan, your county may participate in the Deferred Compensation Plan offered by the State of Nebraska for its employees. Contact NPERS for more information.

MAKE-UP CONTRIBUTIONS

If you do not make deductions when mandatory membership applies, the member and the employer must "make-up" those contributions. Make-up contributions are required from an employee and the county/employer when mandatory membership requirements have been met by the employee but retirement deductions were not started by the county/employer in a timely manner. You should contact the employee informing him/her of the circumstances and how it will be resolved.

Form to Submit: You must complete a Make-up Contribution Agreement form (see example on the next page, and in FORMS) stating the deduction amount and terms in which the contributions

will be repaid. After both you and the employee have signed the form, you should submit the form to NPERS together with supporting documentation. In the event a signature can not be obtained from the employee, a copy of the agreement signed by the county/employer should be sent to NPERS. You must inform the employee of the terms and the date the make-up deductions will begin.

Supporting Documentation: You are responsible for calculating the number of missed payroll periods and the contribution amount based upon the Gross Salary for the time period missed. When calculating the contributions, you should use the correct contribution rate (4.5%) applicable for the salary during the period of missed contributions. Submit your supporting documentation on the prorated percentages to NPERS together with the Make-up Contribution Agreement.

Make-up Rules/Terms

The following rules/terms apply for all make-up contributions as defined in NPERS' Rule and Regulation Chapter 18:

- 1) The maximum payment period for make-up contributions is four times the number of missed payroll periods, not to exceed a five year period.

Example: An employee missed four monthly payroll periods. The *maximum* number of periods to make up contributions is 16. If the employee is paid bi-weekly, the same rule applies. The employee can elect to make up contributions within a fewer number of pay periods if he/she desires.

- 2) The county/employer contributions **must be paid in proportion to the employee's payment election** to avoid overpayment of employer contributions in the event of the employee's termination before the employee has completed his/her portion of the make-up payments.
- 3) If you have notified the member of a mandatory make-up obligation and he/she does not inform you or agree to terms in which the payments will be made within 30 days of his/her notification, you should implement an automatic payroll deduction for the maximum number of payments allowed.

In the event a signature can not be obtained from the employee, a copy of the agreement signed by the county/employer should be sent to NPERS. You must inform the employee of the terms and the date the make-up deductions will begin.

- 4) In addition, NPERS requests that for voluntary repayments, each county provide NPERS, on a **quarterly basis**, a list of members making installment payments together with payment amounts. For your convenience, this information may be provided via fax (402-471-9493) or e-mail (www.npers.ne.gov) to NPERS.

Please contact NPERS if you have questions regarding make-ups or have a situation where you are unsure if an employee needs to complete make-ups.



Nebraska Public Employees Retirement Systems
1221 N Street, Suite 325
P.O. Box 94816
Lincoln, NE 68509

402-471-2053
800-245-5712
Fax: 402-471-9493

Name <small>Last</small> Doe <small>First</small> Jane <small>Middle</small>	Date of Birth 01-19-42	Plan Type (Check One)
Social Security Number 001-002-0003	Retirement Number 000123	<input type="checkbox"/> State
Address 1234 Sunnyside City Happy	State NE Zip 68000	<input checked="" type="checkbox"/> County
Home Phone 555-1234	Work Phone	Employer Gage County

Make-Up Contribution Agreement

I, Jane Doe (the Employee) an employee of Gage County (Agency, County, etc.) and a member of the Nebraska State or County Employees' Retirement System (the "Retirement System"), hereby authorize the Retirement Contact personnel to deduct the following amounts from my compensation and directly contribute such amounts to the Retirement System for the make-up contributions as described below.

Time Period for Missed Contributions: May 1 - June 20, 2003

Number of Payroll Periods during Time Period: 2

Salary per Payroll Period / Total Salary during Time Period: 3,000.00
(Circle One)

Total Amount to Be Contributed by Employee: \$ 129.90

Total Amount to Be Contributed By Employer: \$ 202.64

Total Number of Pay Periods for Re-Payment: 8

Repayment Start and End Date: 7-31-03 - 2-28-04

The undersigned agree, acknowledge, and understand that the above contributions are mandatory contributions to be made by the employee and the state or county per statute LB 84-1307, LB 84-1308, LB 23-2306 and LB 23-2307, of the State of Nebraska.

In the event these contributions are not made-up in total due to the Employee's death, disability or other termination of employment before full payment of these funds has been completed, the Employee's benefit under the Retirement System will be appropriately adjusted on the basis of the payments actually made through the date of the Employee's termination of employment. Once implemented, this agreement may not be revised, and there is no provision for acceleration of remaining payments if employment is terminated prior to completion of the agreement.

The undersigned have executed this agreement this 5th day of July, 20 03.

Jane Doe
(Signature of Employee)

Janis Joplin
(Signature of Employer)

Accepted and agreed to:

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEM

By: _____

Title: _____

NPERS5350 Rev. 02/05

BAR CODE